

CIA/RR CB-62-3

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Copy No. 28
5 January 1962

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CURRENT SUPPORT BRIEF

SOME INVESTMENT CONCEPTS AND DATA OF THE
SOVIET CONSTRUCTION PROGRAM

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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SOME INVESTMENT CONCEPTS AND DATA OF THE SOVIET CONSTRUCTION PROGRAM

The Soviet budget for 1962, in discussing difficulties facing the construction program, criticized many agencies for allowing uninstalled equipment to accumulate at construction sites. According to the report the value of such equipment reached the two-billion rubles mark by mid-1960. 1/ Apparently, the chief difficulty is one of poor planning. Equipment may arrive at the building site far ahead of need or may arrive too late, thus disrupting construction work and possibly hampering the installation of other equipment. Several steps have already been taken--primarily in the sphere of planning--to improve the situation. In addition, the dissemination of a statistic for the value of uninstalled equipment--information rarely, if ever, presented in the published budget--reflects Moscow's concern that all important aspects of the problem be given wide public attention.

The problems suggests the usefulness of reviewing the meaning of the more technical Soviet investment concepts relating to capital investment and construction as well as assembling such data as are available on these concepts.

In Soviet investment statistics the "balance of incomplected construction" represents costs of "construction-installation work," costs of "equipment being assembled," and certain other costs, all of which have been counted as a part of "capital investment" but have not yet, as part of a "completed project," been included in the "stock of fixed capital."

Equipment arriving on a construction site, and paid for, may or may not be included immediately in "capital investment," depending upon whether or not it requires "assembly work." "Assembly work" may mean nothing more than the equipment being bolted to a floor. 2/ If the equipment does require assembly work, it is held in storage as "uninstalled equipment," and its cost is charged to working capital. Later, when equipment of this nature is taken from storage and moved to the position it will occupy in a building, its cost is then reimbursed from the funds provided for "financing capital investment," and at that time it becomes part of "capital investment."

Data on USSR Incompleted Construction, Equipment Being
Assembled, and Uninstalled Equipment in Storage
of Builders and Enterprises

Billions of Current Rubles

| | 1 Jan 1955 | 1 Jan 1956 | 1 Jan 1957 | 1 Jan 1958 | 1 Jan 1959 | 1 Jan 1960 | 1 Jan 1961 | 1 July 1961 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 1. Balance of incomplect- ed construction a/ | | | 16.1 | 17.7 | 17.5 | 18.9 | 20.8 | |
| 2. Of which, equipment being assembled | | | | 1.7 b/ | | | | |
| 3. Uninstalled equipment in storage of builders and enterprises | 1.3 c/ | | | 1.4+ d/ | | | 2.0+e/ | |

- a. 3/
b. 4/
c. 5/
d. 6/
e. 7/

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Analyst:

Coord:

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